

Message Text

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DRAFTED BY EB/IFD/OIA:BJGRIFFITHS:ME
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TO AMEMBASSY LONDON
AMCONSUL BELFAST
INFO AMEMBASSY PARIS

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USOECD

E.O. 11652: N/A

TAGS: EINV, UK

SUBJECT: BRITISH GOVERNMENT INVESTMENT INCENTIVES TO
DELOREAN MOTOR COMPANY
REF: BELFAST 146

1. DEPARTMENT IS SEEKING CONFIRMATION AND FURTHER INFORMATION ON NY TIMES REPORT OF AUGUST 3 THAT DELOREAN MOTOR COMPANY OF MICHIGAN HAD REACHED AGREEMENT WITH THE BRITISH GOVERNMENT FOR CONSTRUCTION OF A SPORTS CAR ASSEMBLY PLANT AT TWINBROOK, SOUTH OF BELFAST. THE ARTICLE STATED THAT WHILE DETAILS OF THE FINANCIAL DEAL HAVE NOT BEEN DISCLOSED, THE BRITISH GOVERNMENT IS BELIEVED TO HAVE PUT UP DOLS 80 MILLION OF THE DOLS 130 MILLION DEAL THROUGH
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50 PERCENT DEVELOPMENT GRANTS IN NORTHERN IRELAND AND ADDITIONAL LOAN CAPITAL. THE ARTICLE ESTIMATES THAT 70 PERCENT OF THE COST OF SETTING UP THE PLANT WILL COME FROM BRITISH GOVERNMENT INCENTIVES.

2. THE NY TIMES REPORT FOLLOWED AN ANNOUNCEMENT IN THE WALL STREET JOURNAL OF DELOREAN'S PLANS TO LOCATE PLANT

IN PUERTO RICO. THE U.S. GOVERNMENT (ECONOMIC DEVELOPMENT ADMINISTRATION AND FARMERS HOME ADMINISTRATION) HAD APPROVED DOLS 40 MILLION IN LOAN GUARANTEES FOR THE PROPOSED DOLS 96 MILLION PLANT, WHILE OTHER FUNDS WERE TO HAVE COME FROM THE PUERTO RICAN GOVERNMENT.

3. DELOREAN HAS DENIED THAT THE BRITISH INCENTIVES PACKAGE INFLUENCED DECISION TO LOCATE IN NORTHERN IRELAND AND CITED THE STABLE AND DEDICATED WORK FORCE AND GOOD LABOR RECORD AS THE KEY FACTOR BEHIND THE SHIFT.

4. ACTION REQUESTED: WE WOULD APPRECIATE ANY INFORMATION YOU MAY HAVE ON THIS ISSUE. HOWEVER YOU SHOULD NOT AT THIS TIME MAKE A SPECIAL INQUIRY TO BRITISH GOVERNMENT OFFICIALS ON THIS ISSUE. CHRISTOPHER

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